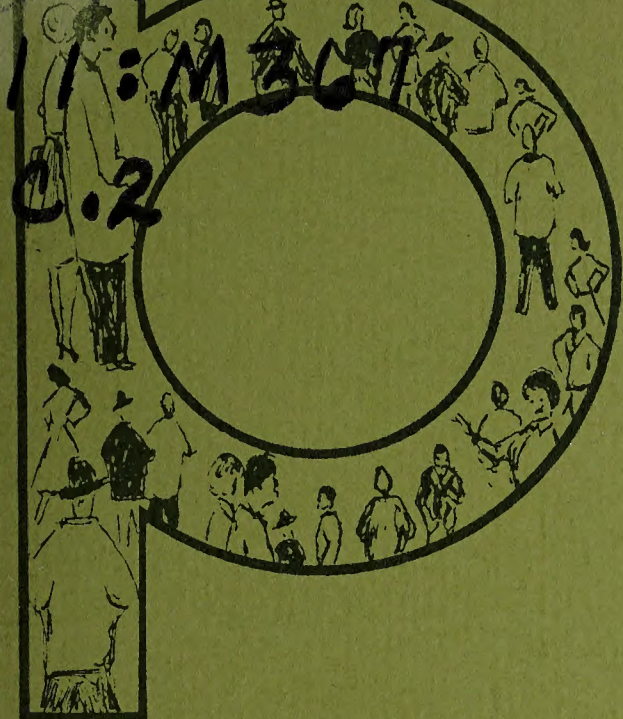


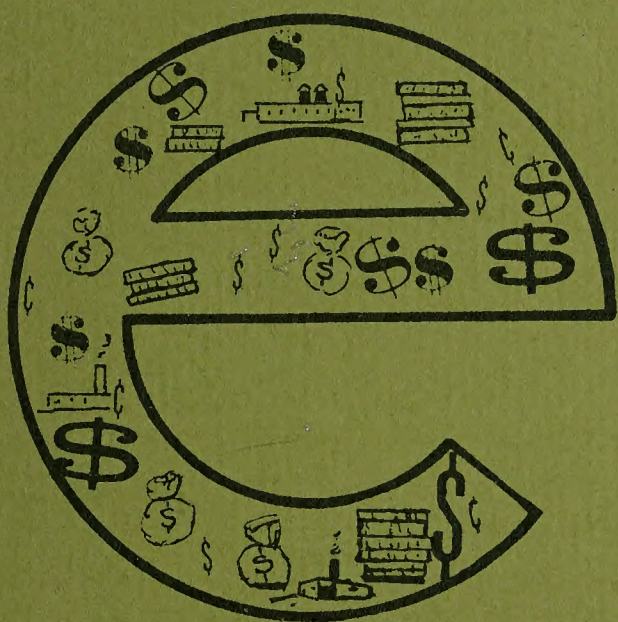
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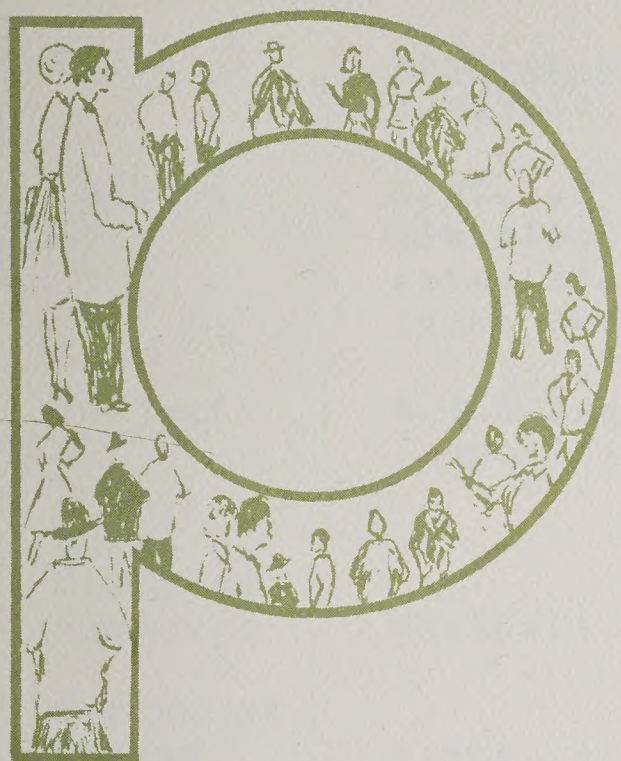
and

conomy

Marshall N.C.

LOCATION

Marshall is located in western North Carolina in the County of Madison. Marshall, by car from Asheville, is approximately 22 miles and 45 minutes north of Asheville on U. S. 25 and 70. Marshall is located within a half day's drive of Knoxville, Tennessee; Winston-Salem, Greensboro and Charlotte, North Carolina; Spartanburg and Greenville, South Carolina. See map of area colleges for the regional setting (page 11).



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and

conomy

Marshall N.C.

The preparation of this report was financed in part through an urban planning grant from the Department of Housing and Urban Development, under the provision of Section 701 of the Housing Act of 1954, as amended.

ABSTRACT

Title: Population and Economy Study
Marshall, North Carolina

Author: State of North Carolina, Department of Local Affairs,
Division of Community Planning, Western Area Office,
Asheville, N. C. 28801 (Robert W. Upchurch and
James Donnelly).

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Abstract: An economic and population analysis of Marshall
further repeats many problems and trends that are
characteristic of rural souther Appalachian communi-
ties. The population is hindered by an overall low
educational attainment and limited incomes. The
economy is still under-capitalized, underemployed,
and underdeveloped. The mountainous terrain and
agrarian oriented economy have been the major with-
holding factors to growth. Many economic potentials
in the county are, to date, unrealized. Better
highway access and more effort toward development of
its tourism potential are considered as initial
objectives for economic betterment.

This Report Prepared for:

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FOREWARD

This report relates to the analysis of the economic and population circumstances in Marshall, North Carolina. The report, prepared on the request of the Marshall Town Board of Aldermen, represents a first step in Marshall's comprehensive planning program.

The report is based on information available from the U. S. Census, state universities, several county agencies and surveys made by the Western North Carolina Regional Planning Commission.

The purpose of the report is to identify and analyze the economic and population trends in Marshall and Madison County. The analysis should provide a necessary base of data on which the future plans of the County and Town may rest.

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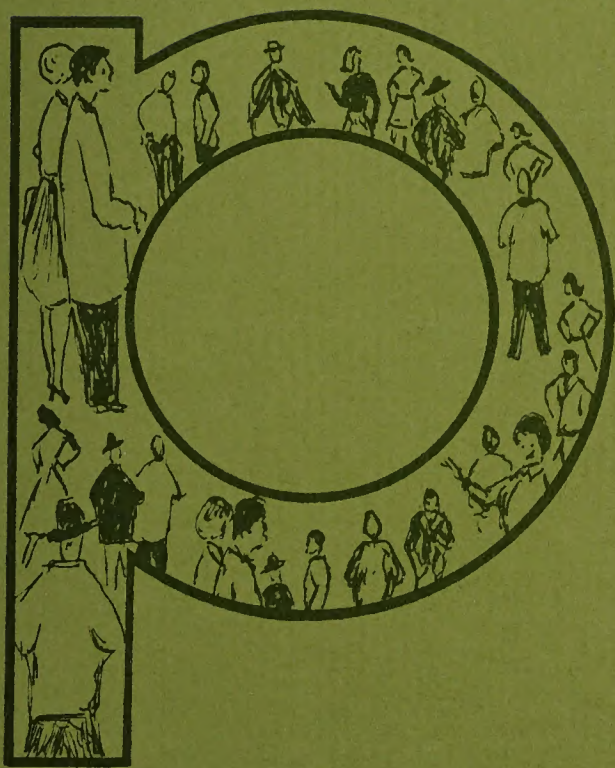
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SUMMARY OF POPULATION FEATURES

1. The County population has declined slowly since 1900 except for a brief period of growth during the Depression.
2. Marshall's population has decreased gradually since 1900; however, recent evidence tends to indicate that the population may be increasing slightly.
3. The population for the County, while most dramatically indicates out-migrating, is also showing a redistribution of its population into the southern portion of the County.
4. The current age and sex trends indicate that the population is becoming older.
5. The educational attainment for the resident population is below that for the state or the nation; however, this is not to conclude that the County is not educating its young people. On the contrary, the younger and better educated people are the ones that out-migrate for better job opportunities.
6. Incomes are low.
7. The burden of support of government services is beginning to rest on the aging, poorly educated, and low-income population.
8. Out-migration is high. The slight decrease in the rate during the last decade is suspected to be related to the aging population.

POPULATION TRENDS

Madison County, by the turn of the century, had reached its optimum population on an agriculturally based economy. From 1900 to 1930, the population remained relatively constant. As a result of the Great Depression and the urban to rural exodus, the County population increased by 2,000. This increase constitutes the only period of population growth in Madison County's

contemporary history. When World War II began and prosperity and economic opportunities began to develop elsewhere, the population began to move again to the cities. By 1950, the county population had decreased to approximately 20,000.

The agrarian base, which had been able to maintain a relatively constant population of approximately 20,000 persons for sixty to seventy years, began to falter after 1950. The population continued to decrease, and by 1960, it was 17,217, and in 1965 the estimate was 15,761.

The change in the population of Madison County as shown in Table 1 is opposite the trends occurring in the United States and the state.

TABLE 1
POPULATION CHANGE 1950 - 1965/69
MARSHALL AND SELECTED AREAS

Area	1950	1960	1965	% Change 1950-1960	% Change 1960-1965
United States	151,326,000	179,323,000	194,583,000	+18.5	+8.5
North Carolina	4,062,000	4,556,000	4,912,000	+12.2	+7.8
WNC Region	519,455	522,081	542,234	+ .5	+3.9
Madison County	20,522	17,217	15,938	-16.1	-7.4
Marshall	983	926	1,045 ¹	- 5.6	12.9

Source: U. S. Census of Population, 1950 & 1960.
1965 estimates by Dr. C. Horace Hamilton & Eun Sul Lee, N. C. State University.

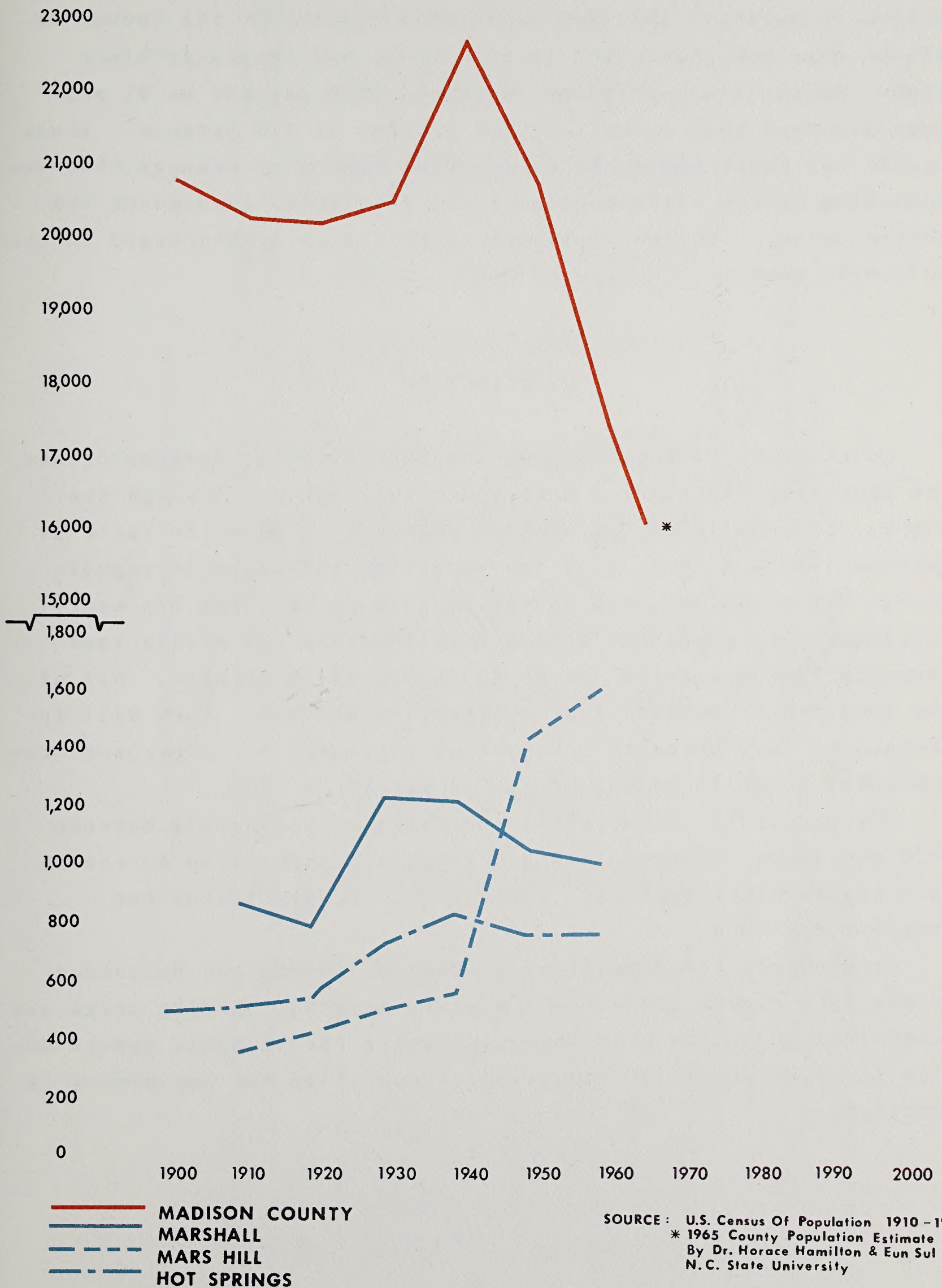
¹Western North Carolina Regional Planning Commission estimate, 1969.

Marshall, Mars Hill, and Hot Springs have provided goods and services to the County for many years. The success and prosperity of the rural population directly affect the livelihoods of the residents of these three towns.

The changes in Marshall's population since 1900, as shown on Illustration 1, have closely paralleled those of the County.

GROWTH TRENDS

MADISON COUNTY - MARSHALL - MARS HILL - HOT SPRINGS



A survey was made in 1969 by the Western North Carolina Regional Planning Commission of the active residential electric meters in Marshall and Mars Hill. The results of the survey indicate that the population in both towns has increased since 1960. Marshall's population increased 12.9 percent or 99 persons and Mars Hill increased 22.4 percent or 320 persons. These trends are suspected to be the partial result of changes that are occurring in the distribution of the population throughout the entire County. Further evidence to this fact is discussed in the following section.

DISTRIBUTION

At the turn of the century, the population of Madison County was generally distributed throughout the County. Through the years, the population has shifted somewhat as shown in Table 2. Between 1950 and 1960, only two townships increased in population. Mars Hill Township increased 13.6 percent and Big Laurel increased 57.2 percent. Meadow Fork Township and Middle Fork Township had population losses in excess of 50 percent. All of the remaining townships lost substantial numbers. Mars Hill increased by 12.1 percent; Hot Springs increased by .3 percent (two persons); Marshall decreased by 5.8 percent.

The population of Marshall increased significantly between 1920 and 1930. Between 1930 and 1940, the population increased only twenty-eight persons. Since 1940, the population has steadily declined.

In general, the population of Madison County has decreased in the more remote eastern and western marginal farming areas and maintained an increase in the areas where the economic opportunities are more stable or commuting to Asheville for employment is practical.

TABLE 2

POPULATION DISTRIBUTION IN MADISON COUNTY

BY TOWNSHIPS, 1910 to 1965

	1910	1920	Percent		1930	Percent		1940	Percent		1950	Percent		1960	Percent		1965/69	Percent	
			Change			Change			Change			Change			Change			Change	
Madison County	20,132	20,083	-0.2		20,306	1.1		22,522	10.9		20,522	-8.9		17,217	-16.1		15,938	-7.4	
Twp.#1 Marshall	4,313	4,101	-4.9		4,356	6.2		4,577	5.1		4,198	-8.3		3,375	-19.6		NA	-----	
Marshall Town	802	748	-6.7		1,132	51.3		1,160	2.5		983	-15.3		926	-5.8		1,045	12.9 ¹	
Twp.#2 Shelton Laurel	1,597	1,642	2.8		1,793	9.2		2,080	16.0		1,801	-13.4		1,325	-26.4		NA	-----	
Twp.#3 Bull Creek	1,007	1,076	6.9		1,134	5.4		1,049	7.5		1,225	16.8		1,064	-13.1		NA	-----	
Twp.#4 Middle Fork	1,611	1,590	-1.3		1,575	-1.0		1,798	14.2		1,414	-21.4		680	-51.9		NA	-----	
Twp.#5 West Fork	675	651	-3.6		791	21.5		656	-17.0		779	18.8		673	-13.6		NA	-----	
Twp.#6 Sandy Mush	630	564	-10.5		548	-2.8		586	6.9		492	-16.0		350	-28.9		NA	-----	
Twp.#7 Little Pine Creek	1,060	990	-6.6		1,049	6.0		1,025	-2.3		730	-28.8		472	-35.3		NA	-----	
Twp.#8 Spring Creek	1,400	1,417	1.2		1,362	-3.9		1,591	16.8		1,291	-18.9		1,008	-21.9		NA	-----	
Twp.#9 Hot Springs	1,757	1,791	1.9		1,651	-7.8		1,984	20.2		1,864	-6.0		1,787	-4.1		NA	-----	
Hot Springs Town	443	495	11.7		637	28.7		773	21.4		721	-6.7		723	.3		NA	-----	
Twp.#10 Big Laurel	814	924	13.5		862	-6.7		1,040	20.6		675	-35.1		1,061	57.2		NA	-----	
Twp.#11 Upper Laurel	1,123	1,025	-8.7		948	-7.5		1,140	20.3		936	-17.9		683	-27.0		NA	-----	
Twp.#12 Big Pine Creek	963	897	-6.9		709	-21.0		795	12.1		617	-22.4		454	-26.4		NA	-----	
Twp.#13 Creek	715	771	7.8		909	17.9		1,010	11.1		632	-37.4		251	-60.3		NA	-----	
Twp.#14 Grapevine	963	956	.7		935	-2.2		1,032	10.4		952	-7.8		944	-.8		NA	-----	
Twp.#15 Mars Hill	859	1,030	19.9		1,173	13.9		1,424	21.4		2,312	62.4		2,627	13.6		NA	-----	
Mars Hill Town	301	364	20.9		455	25.0		517	13.6		1,404	63.2		1,574	12.1		1,894	22.4 ¹	
Twp.#16 Foster Creek	645	658	2.0		54	-22.3		735	43.8		604	-17.8		463	-23.3		NA	-----	

Source: U. S. Census; Population of North Carolina Counties and Minor Civil Divisions: 1910 - 1960.

Note: 1950-1960: Part of Hot Springs Town detached and reverted to Twp.#9. Part of Twp.#15 annexed to Mars Hill Town.
 1965: Estimates by Dr. Horace Hamilton and Eun Sul Lee of North Carolina State University.

¹Western North Carolina Regional Planning Commission estimate, 1969.

Rural and Urban Population

Madison County, according to the U. S. Census, had no urban areas in 1950 or 1960. There has been a change in the rural farm and nonfarm residents as shown on the following table. The percentage of rural nonfarm residents had increased from 27.8 to 40.1. This is another indication of the lesser dependence the population has on agriculture. The rural farm population in Madison County is expected to continue to decrease as shown by Table 3.

TABLE 3
PERCENT OF POPULATION BY PLACE OF RESIDENCE
1950-1960

	Madison County		W.N.C.		North Carolina	
	1950	1960	1950	1960	1950	1960
Urban			21.9	24.2	33.7	39.6
Rural	100.0	100.0	78.1	75.8	66.3	60.4
Nonfarm	27.8	40.1	38.7	59.1	32.4	42.7
Farm	72.2	59.9	39.4	16.7	33.9	17.7

Source: U. S. Census of Population: 1950-1960.

Note: To be urban, a town must have 2,500 or more residents.

The rural nonfarm population can be expected to increase during the next twenty years. However, the urban population will, in all probability, not increase at the same rate.

MIGRATION

The migration pattern for Madison County was analyzed by calculating the natural population increase, adding the increase to the base period, and then comparing it with the actual population. If the actual population is less than the expected, it is assumed that out-migration has occurred; if the actual population is greater than the expected, in-migration has occurred.

As shown in Table 4, from 1950 to 1960 Madison County had a net loss of 5,564 persons. This represents an average annual loss of 556.4. The actual population for 1960 was only 75.6 percent of the expected 26,086. The annual out-migration from 1960 to 1965 had decreased to 402.0. This significant change in the rate along with the previously mentioned population trends should result in a continued decrease in out-migration by the end of the planning period.

TABLE 4
NET MIGRATION
1950 - 1960/1960 - 1965

Area	1950-1960	1960-1965	Average Annual Migration		Actual Population As a % of Expected Population	
			1950-1960	1960-1965	1960	1965
North Carolina	-291,544	-11,825	-29,154.4	-5,553.1	94.0	99.96
Western North Carolina	-71,226	-10,160	-7,122.6	-1,935.2	88.0	98.2
Madison County	-5,564	-2,010	-556.4	-402.0	75.6	88.8

Source: U. S. Census of Population: 1950-1960.
1965 estimates by Dr. Horace Hamilton and Eun Sul Lee, North Carolina State University.

The rate of out-migration that has been occurring in Madison County since 1950 far exceeds that of the state or region. Current estimates indicate that the state has stopped its out-migration and that in a very few years, the region will also begin to realize significant in-migration.

Madison County is expected to lag behind the state and region in its population growth trends. The projected population trends indicate that in-migration should occur during the early 1980's. The slowing down of out-migration will have a significant bearing on the age and sex composition of the population, which in turn will tend to stabilize the population with an increased birth rate.

AGE AND SEX COMPOSITION

The changes in the age structure of the population are important indicators of the relative population burden on the economy. The fifteen to sixty-four age group constitutes the main work force and productive sector of the economy. The relative size compared with the size of the dependent age groups (under fifteen and sixty-five and over) is an indirect measure of the future vitality of the local economy.

The age and sex structure was also analyzed to determine, in general terms, the future needs of the population for public and private services, such as schools, hospitals, recreation, etc.

As noted, Madison County had a 1960 population of 17,217. Of this number, 4,950 or 28.8 percent were under 14, and 1,703 or 9.9 percent were over 65. In 1950, 6,766 or 33 percent were under 14, and 1,418 or 6.9 percent were over 65. The current trend is toward decreasing numbers of young people and increasing numbers of the old. The general population is aging. As time goes on, there will be fewer people in the productive sector of the economy to support the elderly dependents. If these trends continue, there will be a need for fewer classrooms in the public schools but greater number of beds in nursing homes.

At present, even though the long range trends are not encouraging, there still exists a strong middle-age labor force.

EDUCATION

The educational attainment is very important to both a person and his country. The individual must have an increasingly better education to compete for jobs in a modern community. He must also have a general education in order to better enjoy the benefits of his labor. The economic growth of a community, as well as its leadership, depends greatly on an educated and participating public.

In 1960 the Census of Population showed that Marshall Township's rate of educational achievement was slightly less than the region and the state. Over 74 percent of the persons over 25 had less than a high school education as compared to a very high 80 percent for the County and almost 70 percent for the Western North Carolina Region. In Madison County, approximately 12 percent go on to receive their high school diplomas and only 8.5 percent complete four years of college.

TABLE 5
EDUCATIONAL ATTAINMENT OF
PERSONS 25 YEARS OLD AND OLDER
Marshall Township and Selected Areas
1960

Area	% with no Schooling	% 1-8 Years	% 1-3 Years H.S.	% 12 Years	% 1-4 Years College
North Carolina	3.1	47.6	17.0	18.9	13.4
Western North Carolina	2.7	50.5	16.2	18.4	12.2
Madison County	4.0	63.1	12.3	12.1	8.5
Marshall Township	4.6	56.4	13.2	15.8	10.0

Source: U. S. Census of Population, 1960.

The unfortunate fact of the matter is that these people are presently attempting to compete for employment in a society that is not creating opportunities for the uneducated. The trend toward higher technical and professional skills can be anticipated to continue at a rate necessary to meet the demands of our rapidly changing society.

Dropouts

Even though dropout rates are declining, there still remains a large segment of our young people who are not receiving a minimum education. According to the former Secretary of Labor, W. Willard Wirtz, a boy or girl who enters today's labor market

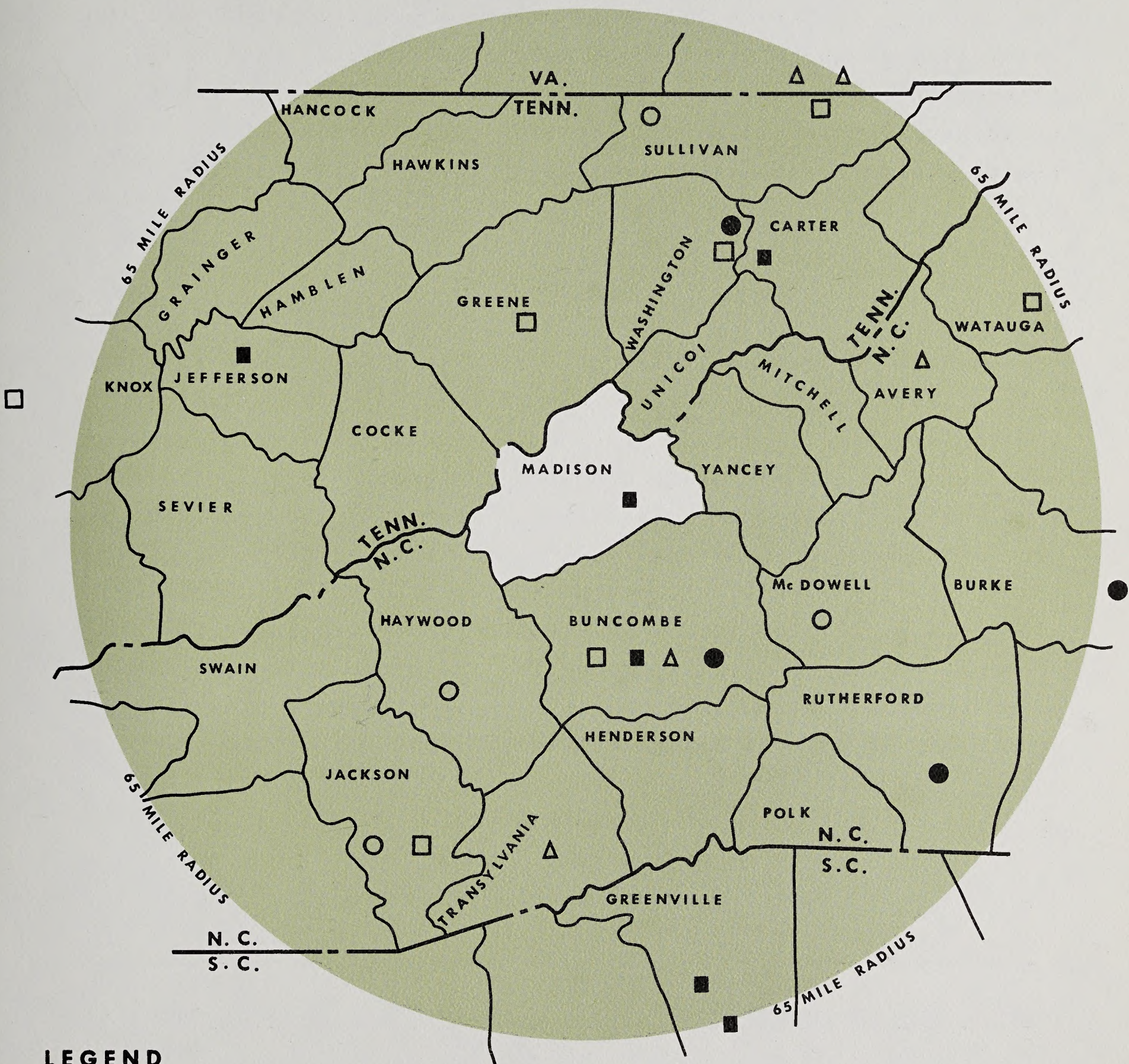
without a usable skill is committing "economic suicide". To illustrate, the latest Bureau of Labor statistics show that: 1) teenage unemployment, though declining during the booming economy of recent years, is three times as great as overall unemployment; 2) the average income of American families headed by a dropout is only one-half that of families headed by a college graduate; 3) dropouts are usually the first employees to be dismissed when the business cycle tapers off or declines, and the dropout is increasingly confined to a narrow range of low-paid jobs offering little, if any, opportunity for advancement. Furthermore, the situation for dropouts can be expected to worsen in the future. Those without at least a high school diploma will have increasing difficulty in entering those occupations where education and training qualifications are high, even if there are such jobs available. Not only are they handicapped by their lack of education and experience, but also by the unfavorable image that dropouts generally have among employers.

Obviously, the individual dropout and his family suffer from his lack of education, but so does his community and state. Indeed, the ability of any area to attract high-caliber, high-wage employment is largely dependent upon the quality of its work force; and if it is heavy with dropouts, this will be reflected in the quantity and quality of employment attracted which, in turn, will be reflected in the standard of living enjoyed by the community.

Technical Institutes and Colleges

The future of industrial and technical opportunities are going to depend heavily on the educational preparedness of the population. It will be impossible to meet the challenge of the future without the required skills. At present, several advanced institutions are available to the population of Marshall and Madison County. The following illustration shows the location of institutions within commuting distance.

AREA COLLEGES AND TRAINING INSTITUTIONS



LEGEND

- PUBLIC SENIOR COLLEGE OR UNIVERSITY
- PRIVATE SENIOR COLLEGE OR UNIVERSITY
- △ PRIVATE JUNIOR COLLEGE
- INDUSTRIAL OR TECHNICAL EDUCATION CENTER & COMMUNITY COLLEGES
- EXTENTION UNITS

Source: THE WORLD ALMANAC - 1968

Of particular significance to the people of Madison County is the location of the highly reputable, church-supported Mars Hill College in Mars Hill. Also within a short distance are the University of North Carolina at Asheville (formerly Asheville-Biltmore College) and Asheville-Buncombe Technical Institute. Residents of Marshall should take full advantage of the opportunities afforded by the proximity of these institutions.

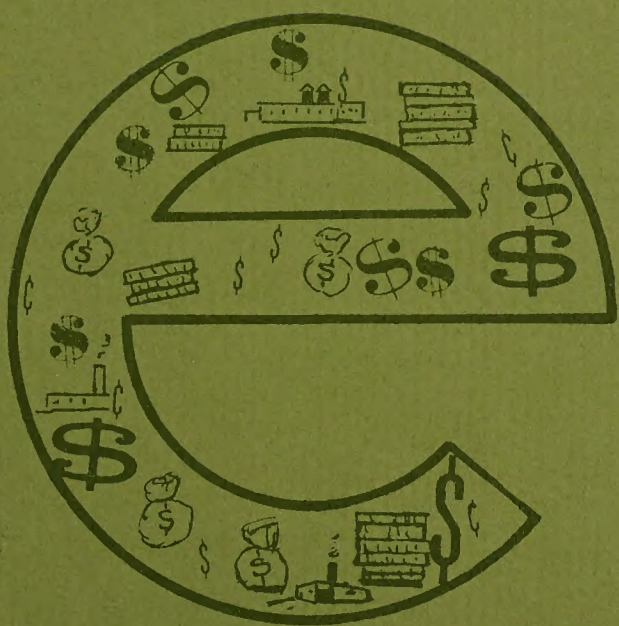
INCOME

Because of its population of less than 1,000, there is little census data available for the Town of Marshall; therefore, income will be discussed mainly on the County level. Since 1947, the per capita income for Madison County has been less than the region and state. In North Carolina between 1947 and 1954, the per capita income increased from \$894 to \$1,190. At the same time, the County's per capita income decreased from \$553 to \$534. In 1958, the per capita income in Madison County was approximately one-half of the per capita income for the state. The sad fact still remains that in 1966, the per capita income for Madison County was \$1,261 and the state's was \$2,277.

TABLE 6
PER CAPITA INCOME
Madison County and Selected Areas
1947-1960

Year	Madison County	Western North Carolina	North Carolina
1947	553	594	894
1954	534	777	1,190
1958	718	1,004	1,420
1962	983	1,289	1,732
1966	1,261	1,786	2,277

Source: N. C. Work Force Estimates by County, Area, and State, August, 1968, Employment Security Commission of North Carolina.



economy

INTRODUCTION

The purpose of this section is to identify and analyze the economic activities that exist in Marshall and Madison County, North Carolina. In any community, there are enterprises that export goods and services and also provide goods and services to persons within the community who reside beyond the economic limits of the community. These activities are considered to be base activities because they provide a dollar in-flow.

The base activity supports another section of the economy called the service or nonbasic activity. The service activity's principal function is to provide for the needs of the people within the county. These activities are also distinguished from the basic activities in the fact that they are the importers of goods. If they are not importing, they are not exporting. The dependency of the service activity upon the basic activities is evident. The employment and profitability in a service activity is highly sensitive to changes in the base.

When measuring the base of the local economy indirectly, the most common method used in computing the basic and nonbasic sectors is through the location ratio.

The location ratio method works by the following formula:

$$\frac{X}{\text{Total Employment}} = \frac{\text{National Employment in Industry}}{\text{Total National Employment}}$$

This formula simply measures the importance of each industry within a community relative to the importance of the industry to the nation (or whatever the larger unit may be) and also assigns to each local industry a weight in proportion to its size in the community.

BASIC AND LOCAL SERVICE EMPLOYMENT

The employment data that were used to identify the export-basic and local-service sectors of the economy were supplied by the North Carolina Employment Security Commission. These data represent the actual number of people employed in the County as opposite to United States Census data that also included that part of the labor force which commutes to other counties to work. In later sections of this report, worker mobility is analyzed as it relates to the general character of the overall labor force and also as it relates to each industry in the economy.

Table 7 shows the number of export-basic and local-service employees in Madison County. The data as shown were computed from the formula previously explained.

In 1968, 3,676 persons were employed in Madison County and of this number, 1,786 were considered export-basic. The export-basic employment came almost entirely from agriculture. The only other identifiable basic sectors were lumber, electrical machinery, and textiles.

Basic employment amounted to 48.6 percent of the total workers employed in Madison County. All other sectors of the economy were functioning at a level which was below the service needs of the local area; therefore, it was assumed that these services were being provided by firms outside the County. This situation was most noticeable in the nonmanufacturing sectors of the economy as shown on Table 7.

RETAIL TRADE

Historically, Marshall has been a retail trade center primarily for the agricultural areas within southern Madison County. It is important to recognize that the retail trade is split up among three towns in the County and Asheville in Buncombe County. Hot Springs receives the major portion of the sales in the

TABLE 7
BASIC AND LOCAL SERVICE EMPLOYMENT
Madison County, North Carolina
1968

	Madison County ¹	% of Total Employment	U. S. ² Employment	Required for Local Service	Deficit ³ Employment	Export Basic	% of National Average
TOTAL EMPLOYMENT	3,676	100.0	73,694,500				
1. Agriculture	1,641	44.6	3,414,000	170		1,471	+865.3
2. Manufacturing	480	13.1	19,319,000	964	484		- 50.2
a. Durable goods	296	8.1	11,362,500	567	271		- 47.8
1. Lumber & Wood	56	1.5	576,150	29		27	+ 93.1
2. Electrical Machinery	240	6.5	1,930,600	96		144	+150.0
b. Non-Durable goods	184	5.0	7,956,500	397	213		- 53.7
1. Textiles	104	2.8	1,382,700	69		35	+ 50.7
2. Other non-durables	80	2.2	6,573,800	328	248		- 75.6
3. Non-Manufacturing	1,247	33.9	46,969,000	2,343	1,096		- 46.8
a. Construction	10	.2	2,911,500	145	135		- 93.1
b. Transp., Comm., & Publ. Util.	98	2.7	4,242,500	212	114		- 53.8
c. Trade	228	6.2	13,706,500	684	456		- 66.7
d. Fin., Ins., & Real Est.	82	2.2	3,279,000	163	81		- 49.7
e. Service	363	9.9	10,204,500	509	146		- 28.7
f. Government	443	12.1	12,042,000	601	158		- 26.3
g. Others	23	.6	583,000 (mining)	29	6		- 20.7
4. All Other Non- Agriculture, Self- employed & Unpaid Family Workers & Domestics	308	8.4	3,992,500	199		109	+ 54.8

Source: Madison County figures: N. C. Employment Security Commission. Labor Force Summary, Madison County, June, 1968.
U. S. figures: Employment & Earnings & Monthly Report on the Labor Force, March, 1968, U. S. Department of Labor.

¹Average June 1967 - June, 1968

²Average January & February, 1968, U. S. figures for persons 16 years and over. Madison County data also is for persons 16 years old and over.

³Shows number of additional persons required for Madison County employment to be equal to the national ratio.

northern section of the County; Marshall receives the south-central trade; Mars Hill receives part of the Mars Hill-California Creek area's trade; and Asheville receives trade from all over the County, with perhaps the greatest amount from the Mars Hill area. (See Illustration 3).

In establishing the trade area for a given community, a method frequently used is Reilly's Law of Retail Gravitation. The law states:

"Two cities attract retail trade from any intermediate city or town. . .approximately in direct proportion to the population of the two cities and in inverse proportion to the square of the distance from these two cities to the intermediate town."¹

The results of this method were adjusted to reflect a more accurate picture. The adjustments involve a consideration of the transportation and topographic limitations of the County. In the following section, comparisons of retail trends in Marshall and Madison County will be outlined for the years 1958 and 1963.

Trends in Retail Trade

The retail trade activities in Madison County decreased from 1958 to 1963. The actual number of establishments increased; however, the number of employees and payrolls decreased. The total sales increased insignificantly by only 1 percent as compared to the regional and state increases of 38.6 and 29.7 percent respectively. The average wages per employee in Madison County during this period did increase more than the state or region.

These trends in retail sales are the result of out-migration of the population and the increased mobility of the consumers. The retail activities have been geared to the farmer. The farm economy has declined without any economic activities taking its place.

¹ Nelson, Richard L., The Selection of Retail Locations, F. W. Dodge Corporation, 1958, p. 149.

MARSHALL RETAIL TRADE

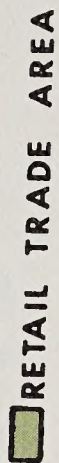


TABLE 8
RETAIL TRADE TRENDS IN MADISON COUNTY
AND THE REGION
1958 and 1963

Madison County	1958	1963	Percent Change
No. of Establishments	117	124	6.0
Total Sales (000)	7,345	7,419	1.0
Average Sales Per Establishment	62,778	59,831	-4.7
Payroll (000)	539	506	-6.1
Number of Employees	265	189	-28.7
Average Wages Per Employee	2,034	2,677	31.6
Average Sales Per Employee	27,717	39,254	41.6
Employees Per Establishment	2.3	1.5	-34.8

WNC Region	1958	1963	Percent Change
No. of Establishments	4,752	5,143	8.2
Total Sales (000)	381,015	527,914	38.6
Average Sales Per Establishment	80,180	102,647	28.0
Payroll (000)	37,445	49,990	33.5
Number of Employees	16,265	17,263	6.1
Average Wages Per Employee	2,302	2,896	25.8
Average Sales Per Employee	23,425	30,581	30.5
Employees Per Establishment	3.5	3.4	-2.9

Source: U. S. Census of Business, Retail Trade, 1958 & 1963.

WHOLESALE TRADE

The businesses that primarily sell merchandise to retailers, to institutions, to industries, and to professionals are defined as being engaged in wholesale trade. In Madison County, these activities increased substantially between 1958 and 1963. Total sales increased at a rate comparable to the state and far greater than the region. Table 9 compares the changes in the wholesale activities in Madison County with that of the region.

During this period, the number of establishments increased 125 percent in the County. A more important aspect is the increase in the number of employees, the total payrolls, and the

average wages per employee. The 101 percent increase in payrolls represents a real boost to the local economy.

Between 1958 and 1963, there has been measurable growth in the trades; however, it is important to remember that these activities are not functioning at a high enough level to meet the assumed needs of the people (see section on Basic and Local Employment). This actual low level of service was also pointed out by the fact that in Madison County the average number of employees per establishment was 2.8 in 1963 compared to 7.5 for the region (10.1 for the state).

If current economic trends continue, the level and character of the wholesale activities in Madison County can be expected to remain relatively constant.

TABLE 9
WHOLESALE TRENDS IN MADISON COUNTY
AND THE REGION
1958 and 1963

Madison County	1958	1963	Percent Change
Number of Establishments	4	9	+125.0
Total Sales (000)	2,348	3,202	36.4
Average Sales Per Establishment	587,000	355,778	-39.4
Payroll (000)	59	119	101.7
Number of Employees	15	25	66.7
Average Wages Per Employee	3,933	4,760	21.0
Average Sales Per Employee	156,533	128,080	-18.2
Employees Per Establishment	3.8	2.8	-26.3
WNC Region	1958	1963	Percent Change
Number of Establishments	468	562	20.1
Total Sales (000)	262,434	276,556	5.4
Average Sales Per Establishment	560,756	492,093	-12.2
Payroll (000)	13,289	17,596	32.4
Number of Employees	3,783	4,233	11.9
Average Wages Per Employee	3,658	4,157	13.6
Average Sales Per Employee	69,372	65,333	-5.8
Employee Per Establishment	8.1	7.5	-7.4

Source: U. S. Census of Business, Wholesale Trade, 1958 and 1963.

SELECTED SERVICES

The service sector of the economy includes those establishments primarily engaged in rendering a wide range of services to both individuals and business firms. In general, the service activities include: hotels, motels, tourist courts, personal services, miscellaneous business services, repair services, and amusement and recreation.

Between 1958 and 1963, the number of establishments did not increase. Total receipts decreased 15.7 percent, and the number of employees also decreased 29.7 percent. (See Table 10 below).

TABLE 10
SELECTED SERVICE PERCENT CHANGE
1958-1963

	Madison County		Western North Carolina		North Carolina	
	No.	%	No.	%	No.	%
Establishments	0	0.0	658	29.6	5,247	28.5
Receipts (\$1,000)	-65	-15.7	21,814	48.8	184,218	44.5
Payroll (\$1,000)	7	13.0	3,963	32.0	41,810	36.8
Employees	-11	-29.7	-371	-6.1	4,368	8.4
Average Receipts Per Establishment	-1,710	-15.7	2,978	14.8	2,808	12.5
Average Receipts Per Employee	1,727	15.5	4,329	58.5	2,645	33.4
Average Wages Per Employee	800	54.8	833	40.6	571	26.2
Average Employees Per Establishment	.43	44.3	.7	25.9	-.4	-14.3

Source: U. S. Census of Business, 1958 and 1963.

AGRICULTURE IN MADISON COUNTY

Farming is one of the oldest economic activities in Madison County. Farming practices and traditions have in many cases become a way of life. Since the turn of the century, more people

have been born into agriculture than have been needed. Traditionally, mountain farming has been an activity developed by the arts and crafts of the people.

The farming activities of the future must rely entirely on scientific approaches and be conducted in a businesslike manner. The agriculture activity must continue to transcend to commodities which yield relatively high returns per unit of labor. Farming is a serious business, and the poorly educated or trained will find it increasingly difficult to match competition.

The first obstacle can be reduced by providing farmers with reliable information with regard to income potential. Education and participation in cooperative efforts may also help to overcome the fears of individuals. Wide publicity should be given to specific opportunities in order to get individuals interested in the possibility of change. Farmers continue to produce the same commodities year after year in many instances because they lack technical skills in other types of farming. In the Madison County area where most farmers are of middle age and older, this is a big obstacle to change. Professional personnel, such as those employed by the Department of Agriculture and the State Land Grant College, are available to participate in training programs and to provide individual assistance when it is desired.

Inadequate financing is always an obstacle to change. There is really no shortage of credit institutions willing to make loans; however, farmers do have limited collateral to insure loans. Then again, some farmers do not use sufficient credit because of an aversion to risk. County rural development groups and cooperatives can perform a productive function in this and other areas. In some cases, it may be only an initiatory one. The efforts of such a development group may not result in many substantial, visible improvements in the short run, but, over a longer period, it could act as the spark needed to get many important projects underway. Such a program must involve all of the people and agencies that can make a contribution.

MADISON COUNTY AGRICULTURE TRENDS

Agriculture in terms of employment and income has long been the principal economic activity in Madison County. Between 1959 and 1964, the number of farms in Madison County decreased from 2,642 to 2,569. However, during that same period, the total acres in farms increased from 191,859 to 195,975. Farms are becoming larger; however, during this period, the amount of croplands reduced from 22,836 to 20,041 acres.

The Census of Agriculture divides farms into economic classes. Farms were grouped into two major categories, commercial and other, mainly on the basis of total value of products sold. In general, all farms with a value of sales amounting to \$2,500 or more were classified as commercial. Farms with a value of sales of \$150 to \$2,499 were classified as commercial if the farm operator was under 65 years of age and did not work off the farm 100 or more days during the year. Commercial farms were divided into six economic classes on the basis of the total value of all farm products sold, as follows:

TABLE 11
COMMERCIAL FARMS

Class	Value
I	\$40,000 or more
II	\$20,000 to \$39,999
III	\$10,000 to \$19,999
IV	\$5,000 to \$9,999
V	\$2,500 to \$4,999
VI	\$50 to \$2,499

In 1964 in Madison County, five farms were classified as Class I, 21 as Class II, 31 as Class III, 100 as Class IV, 391 as Class V, and 983 as Class VI and 1,038 as other, or non-commercial. Of the non-commercial farms, 525 were part-time and 513 were part-retirement. The significant fact concerning economic classification is that almost 50 percent of the commercial farms in Madison County have incomes less than \$2,500, compared

to approximately 20 percent of the farms in North Carolina. Of those 2,569 farms in Madison County, only 548 are producing products that when sold, exceed \$5,000 annually.

A quick examination of the level of production and farm receipts, as shown on Tables 12 and 13, makes it obvious that the agricultural sector of the economic base is declining. For example, within the last five years there were 800 less acres in tobacco production, approximately 2,500 less acres of corn, 21,000 less acres in hay, and 30 less acres in Irish potatoes. The cash receipts reported by the Agricultural Extension Service for the last couple of years were declining.

TABLE 12
FARM PRODUCTION AND ACREAGE
Madison County, North Carolina
1962 and 1967

Crops	1962	1967
Tobacco (lbs.)	5,769,000	4,041,440
Tobacco Acreage	2,840	2,080
Tomatoes (tons)	N.A.	7,082
Tomato Acreage	N.A.	400
Corn (bu.)	293,500	148,020
Corn Acreage	5,150	2,467
Hay (tons)	18,650	18,150
Hay Acreage	16,200	12,100
Irish Potatoes	13,800	16,200
Irish Potatoes Acreage	120	90

Source: North Carolina Agricultural Statistics, 1946; Agriculture Extension Service, Madison County Agent, December, 1968.

TABLE 13
SUMMARY OF FARM RECEIPTS FOR MADISON COUNTY
1966-1967

Crops	1966	1967
Tobacco	3,109,827	2,888,821
Tomatoes	1,111,000	1,278,791
Other	<u>0</u>	<u>0</u>
Total	4,336,766	4,287,846
Livestock & Products		
Feeder Beef	882,900	807,500
Milk	762,724	803,767
Broilers	500,000	505,680
Dairy Cattle (slaughter)	356,000	288,700
Other	<u>0</u>	<u>0</u>
Total	2,687,559	2,683,619
Forest Products		
Lumber	210,000	253,750
Pulpwood	102,000	102,000
Other	<u>0</u>	<u>0</u>
Total	385,000	401,250
Government Payments	<u>213,025</u>	<u>206,095</u>
Total Farm Receipts	7,622,350	7,578,810

Source: Agriculture Extension Service, Madison County Agent,
December, 1968.

THE LABOR FORCE

Employment Patterns

This analysis of the civilian labor force was based on data contained in the Census of Population in 1950 and 1960, with work force estimates for 1967 by the North Carolina Employment Security Commission. Unfortunately, data was not available for Marshall, so the following discussion on employment, unemployment, underemployment, and worker mobility will center on the County in an attempt to better understand the nature of the City's labor force.

Between 1950 and 1960, the civilian labor force in Madison County experienced a decrease of 1,249 persons. As stated earlier, Madison County was primarily dependent on agriculture; therefore, it was not surprising that the greatest losses in employment were in agriculture between 1950 and 1960. Table 14 shows also that there was a shift in employment toward greater diversification. For example, the percentage of the persons employed in agriculture decreased from 63.6 to 41.2; manufacturing employment changed from 8.6 percent of the total labor force to 18.0 percent; and other changes can be noted.

TABLE 14
EMPLOYMENT BY INDUSTRY
Madison County, North Carolina
1950-1960

	1950	Percent of Total	1960	Percent of Total
TOTAL EMPLOYED	6,344	100.0	5,095	
Agriculture, Forestry, Fishery	4,031	63.5	2,100	41.2
Manufacturing	546	8.6	918	18.0
Lumber, wood, furniture	250	3.9	217	4.3
Metals	---	---	18	.3
Machinery, except electrical	2	.03	8	.2
Electrical Machinery	1	.01	197	3.9
Motor vehicles & transportation	2	.03	12	.2
Other durables	4	.06	9	.2
Food	14	.2	59	1.2
Textiles	236	3.7	275	5.4
Apparel	2	.03	94	1.8
Chemical	21	.3	25	.5
Printing	6	.09	4	.1
Other & not specified	8	.1	---	---
Construction	260	4.1	262	5.2
Transportation	203	3.2	118	2.3
Railroad	62	1.0	20	.4
Trucking	59	.9	25	.5
Other transportation	35	.6	36	.7
Communications & Utilities	47	.7	37	.7
Commerce	434	6.8	679	13.3
Wholesale	33	.5	77	1.5
Retail	401	6.3	602	11.8
Service	727	11.5	852	16.7
Finance, Insurance, & Re. Est.	30	.5	44	.9
Business & repair services	74	1.2	42	.9
Hotels & entertainment	19	.3	13	.2
Private Households & other	104	1.6	87	1.7
Health services	24	.4	20	.4
Education	348	5.5	451	8.9
Public Adm. & others	128	2.0	195	3.7
Other or not reported	143	2.3	166	3.3

Source: U.S. Census of Population, 1950 - PC33-N.C.; 1960 - PC(1)35C-NC.

Unemployment

Madison County, like other areas in North Carolina, suffers from chronic unemployment. Madison County's rate of unemployment decreased from 10.0 to 5.6 between 1962 and 1966; however, in 1967, the rate increased to 9.2. The large increase in the rate of unemployment resulted from the effect of a small layoff of employees at a local plant on the relative small number in the total civilian labor force. Therefore, it is obvious that Madison County has had little progress in improving the high rate of unemployment.

TABLE 15
PERCENT OF UNEMPLOYMENT FOR MADISON COUNTY,
STATE OF NORTH CAROLINA, UNITED STATES

Year	Madison County	North Carolina	United States
1967	9.2	3.4	3.8
1966	5.6	3.2	3.8
1965	7.0	4.3	4.6
1964	9.9	4.8	5.2
1963	9.7	3.7	4.3
1962	10.0	3.8	4.4

Source: Employment Security Commission of North Carolina.

Underemployment

Underemployment, resulting both from seasonal work and a lack of job opportunities equal to the skill levels of the workers, was another serious problem. In 1967, the total civilian labor force fluctuated in excess of 1,100 persons or 20 percent. (See Table 16). The seriousness of the problem can be seen with the changes that were taking place in the normally more stable employment sectors of the economy such as in manufacturing. In agriculture, seasonal employment was primarily in tobacco and tomatoes. The actual employment fluctuates from 1,500 in the first quarter of the year to a maximum of 2,620 during the third quarter.

TABLE 16
WORK FORCE ESTIMATES
Marshall, North Carolina
1967

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Civilian Work Force	4,010	4,540	5,130	4,130
Unemployment, Total	260	470	520	390
Rate of Unemployment	6.5	10.4	10.1	9.4
Employment, Total	3,750	4,070	4,610	3,740
Manufacturing	700	540	530	470
Construction	10	10	10	10
Transp., Comm., & Publ. Util.	100	100	110	100
Trade	240	230	230	230
Fin., Ins., & Real Estate	70	90	40	70
Service	340	340	340	370
Government	420	430	400	440
Other Nonmanufacturing	20	30	20	30
Agricultural Employment	1,500	1,970	2,620	1,720
All Other Employment*	350	330	310	300

* Includes nonagricultural self-employed, unpaid family and domestic workers.

Source: Bureau of Employment Security Research--Employment Security Commission of North Carolina.

Worker Mobility

The importance of labor commuting has been recognized as a characteristic of the flexibility of the labor market and its linkage with other areas. Madison County's commuting patterns are the result of increasing industrial activity in Buncombe County and a lack of job opportunities at home. We can assume that shifts in industrial activities can result in common sense changes in the commuting pattern.

Table 17 shows that in 1960, Buncombe County has provided the greatest opportunity for employment to the prospective

Madison County commuter. In 1960, 660 Madison County residents commuted to Buncombe County for employment. Haywood County attracted 23, and Tennessee counties of Cocke, Greene, and Knox attracted the remaining 32. There was a total of 826 Madison County residents working in other counties. One hundred and eighty-six persons commuted into Madison County for a net loss of 640 workers.

TABLE 17
COMMUTING PATTERNS
Madison County, North Carolina
1960

Counties In Mobility Pattern	Went Out of County To Work	Came Into County To Work
Buncombe County	660	116
Cocke County, Tenn.	12	14
Greene County, Tenn.	16	4
Haywood County	23	12
Knox County, Tenn.	4	0
Mitchell County	---	4
Yancey County	---	36
Elsewhere	<u>111</u>	<u>0</u>
	out-commuting 826	in-commuting 182

Net loss of 640 workers.

Source: U. S. Census of Population, 1960.

Future Opportunities

REGIONAL ECONOMIC TRENDS

The economy of Western North Carolina faces a substantial breakthrough in the immediate future. These economic advances will need a strong and concerted regional effort. One very important change will result from the completion of the Interstate and Appalachian highway systems. There is an anticipated sharp increase in the region's participation in the growing industrialization of the Southeast region. Another economic asset will be the tremendous growth that is expected to occur in the nation's tourist and recreation industries. The region's agriculture situation is expected to improve somewhat as a result of increased local consumer demand based on increased area population and incomes. The five counties that comprise the Upper French Broad Basin (Buncombe, Haywood, Henderson, Madison, and Transylvania) between 1940 and 1960 increased 35,200 in population. Between 1960 and 1980, the projected increase is 104,500 persons.²

² Hammer & Associates, The Economy of Western North Carolina.

MADISON RESOURCES AND OPPORTUNITIES FOR GROWTH

Madison County's economic growth opportunities depend largely on the growth of the national and regional markets. Growth in these markets would create additional demands for local resources. The rapid industrialization of the Piedmont and the Great Valley of Tennessee, the interstate highway system which will open up the Western North Carolina Mountain Region, the quality of local resources and attitudes of local leadership are all contributors to the future economic opportunities in Madison County.

The following sections present development possibilities, which if realized, could all be assets to Marshall.

Natural Resources

Madison County has various natural resources which can be developed to a much higher level. At the present time, there is an expanding national demand for forest products, various agricultural products and commercial recreation areas, not to mention the known mineral deposits of which the economic feasibility has not yet thoroughly been investigated.

Locational Resources

Madison County's location between the markets in the Piedmont and industrial Southeast and the Tennessee Valley can be viewed as an advantage. Its location between the three terminal recreational centers in the recreation complex of Asheville, the Great Smoky Mountain National Park, and Avery and Watauga Counties is strategic in terms of future recreation demand.

The proximity to the highway system, when developed, will be a major asset. The future accessibility to the growing consumer market is essential to the development of the County.

Labor

Even though the size of the labor force is very small, it has certain characteristics that are stimulating to industrial growth.

Briefly, they are: the labor is high quality--most are easily trained and once trained, they become very productive; lower wage rates--the differences between the wages in the Southeast and the rest of the nation is significant; the labor is largely unorganized--workers are highly mobile and are generally anti-union.

Agriculture

Madison County's agricultural situation must be considered marginal at best. Most of the problems concern people and their attitudes to change. In Western North Carolina, farming practices and land ownership has been conditioned by strong traditions. The mere ownership of land has, in many cases, been regarded as an end in itself. And, as difficult as it is to change, the pattern of living is an economic pitfall.

Revaluation of the entire farming problem must be made. Large amounts of land which cannot be farmed should be shifted to other activities. These changes are obviously going to require, for one thing, that land holders in the County make land available for sale. Before development can occur, land must be available. At the present time, it is difficult to negotiate the purchase of land in Madison County, especially for a non-resident.

Textile Industry

Madison County's future level of employment in textiles will mainly be determined by a complex arrangement of national and international economic and political forces. It is doubtful if the leaders in Madison County can do much to effectuate a solution to the problems facing the textile industry. As the national population begins to level off, foreign imports become more competitive, and various synthetics, such as paper and plastics, begin to take a greater share of the national market, the existing textile industry will suffer. Because of the limits of this analysis and the complexity of the problem, the future of textiles in Madison County can only be left to speculation.

Consumer-Market-Oriented Industries

The Southeastern United States, since World War II, has attracted, because of its population growth and purchasing power, a new line of consumer, market-oriented industries. The new-line facilities are mainly branches or subsidiaries of larger national firms. The Southeast has strengthened its economic base by attracting a wide diversity of those new-line industries. These industries include: fabricated metals, chemicals, glass, instruments, and electric and non-electric machinery, to list a few.

Obviously, Madison County has opportunities to secure some of this new growth. Just how much will depend largely on the resourcefulness of the County's leadership.

Tourist and Recreation Industry

The greatest opportunity for economic development may be development of the County's recreational resources. This suggestion has been made many times. Evidence to this reasoning is based on several manifesting patterns. The growing regional population is concentrating in urban areas. The purchasing power and leisure time of the population is becoming greater, and the mobility of the urban population is increasing. The Southern Appalachian Highlands are becoming an island of tranquil natural beauty encircled by a rapidly developing urban-industrial complex.

Madison County's proximity to the established terminal recreation magnets in Western North Carolina and to the larger recreational markets in the Northeast and Midwest must be considered a valuable asset. The County is positioned strategically between these largest urban population centers and the resort areas of Florida and the East Coast.

In order for the County to realize its full potentials, a complete complement of recreation facilities should be developed. These facilities should include the following: seasonal residences, camping grounds, picnic areas, winter sport areas,

organization camps, lodges and resorts, day camps, hunting preserves, hiking trails, golf courses, and horseback trails.

Madison County, as well as most of Western North Carolina, has lacked one major recreation resource. That resource is water-based recreation areas. The potential for such a facility exists in Madison County. Development on the Ivy River and the Appalachian Corridor between Asheville and Johnson City, Tennessee, can effectively alter the current economic and population trends in Madison County.

Water Resources

Of prime importance in the development of a tourist-recreation industry, as well as many manufacturing industries of any substantial size, will be the availability of water. Suitable water in ample supplies will be required. The Outdoor Recreation Resources Review Commission has pointed out that the demand for water-oriented recreation activities--boating, swimming, fishing, and other water sports--already is well ahead of other types of activities and is expected to become more in demand in the future. Water-based recreation potential of Western North Carolina is tremendous. The creation of water impoundments in Madison County would greatly enhance the area's recreation and industrial development potential. At present, only the larger streams and rivers are available. Impoundments would serve as excellent focal points for recreation development and also provide an abundant source of water for industries.

FUTURE ECONOMY AND POPULATION

Economy

Madison County's economy is difficult to define; however, it can be generally characterized as a pioneer-agrarian economy. All sectors of the economy are under-capitalized, under-employed, and under-developed. A substantial number of the County's

residents are caught in a cultural trap of low income agriculture. This cultural trap is deep-rooted and in many cases is a poor way of life rather than a business. Scattered throughout the County are individual cases of economic enterprises, for example--sawmills, mining operations, small textile plants, and electrical machinery plants. These enterprises have had a history of underemployment and low wages. The overall economy has not produced enough jobs to meet the needs of the County. The rate of unemployment is high, and underemployment is even higher. There has been a steady out-migration of people since the turn of the century. The future economic growth in Madison County will follow and be stimulated by growth in the Western North Carolina Region.

Marshall has functioned as a trade and governmental services center for the County, but it has yet to provide any basic employment. Without any history to guide a researcher, it is impossible to project future trends. Other opportunities for development have previously been pointed out; nevertheless, these are the key facts about the past and present. The future is a matter of both speculation and judgment.

It is obvious that external forces of change, such as the construction of major highways, lakes, and the increasing affluence and leisure time of neighboring populations, will likely make an impact on the future of the County. The Western North Carolina Region stands on the brink of a major economic breakthrough--primarily in manufacturing and in tourist and leisure-time activities.

If we assume that the region will grasp these opportunities, we must also assume that the new manufacturing developments--which will for many good reasons predominantly take place in the French Broad River Basin--could substantially absorb much of the region's unemployment and underemployment. The new economic growth will generate greater cash markets for specialty farm products. Therefore, we can also assume that where conditions permit, consolidation and improvements to small farming operations

can be made. The elderly mountain farmer is not expected to participate in these changes. Major new tourist-oriented facilities will be developing throughout the region and the County. They will bring new employment opportunities to areas of the County that have previously had no opportunities.

There are reasons for anticipating economic growth--if the appropriate improvements have been made in the schools, on the farm, in the highways, in the plants, and in the local communities. It is through a close and positive association with the region that Marshall will benefit in economic development.

Population Projections

There are inherent risks in making economic and population forecasts. Any unexpected turn of events can throw off the projections. These projections can only be used as guides and goals rather than factual foretelling. The development that does take place will depend largely on the commitments made by private investments and the public community.

Two population projections are presented. One projection was prepared by the State of North Carolina Division of Community Planning's research section. The technique used was that of cohort survival. The base period was from 1950 to 1960. In brief, the technique projects the population based on the changing trends of the age and sex composition of the population. This projection shows that if the past trends were to continue into the projected period, the population would continue to decline.

The second projection was prepared by the Office of Business Economics. As shown on the following illustration, Madison County is expected to experience some population increase by the year 2015.

Based only on a knowledge of the County's opportunities and the assumption that the local leadership will take the initiative, it is believed that Madison County can begin to experience population increases by the 1980's.

TABLE 18
POPULATION ESTIMATES OF LOCAL UNITS
1969

Madison County	17,743
Marshall	1,045
Mars Hill	1,894
Hot Springs	716

Source: Estimates by Western North Carolina Regional Planning Commission based on residential electric meter count.

With respect to the 1969 estimates for the incorporated areas of Marshall, Mars Hill, and Hot Springs, as well as Madison County, the projections were based on a count of residential electric meters and an estimate of persons per household. These figures show a slight increase in population for Marshall, Mars Hill and the County as shown in Illustration 4. The 1969 County estimate may be somewhat high. The realization of opportunities could cause the population decrease to slow. Table 19 reflects this attitude.

TABLE 19
POPULATION PROJECTIONS
FOR MADISON COUNTY

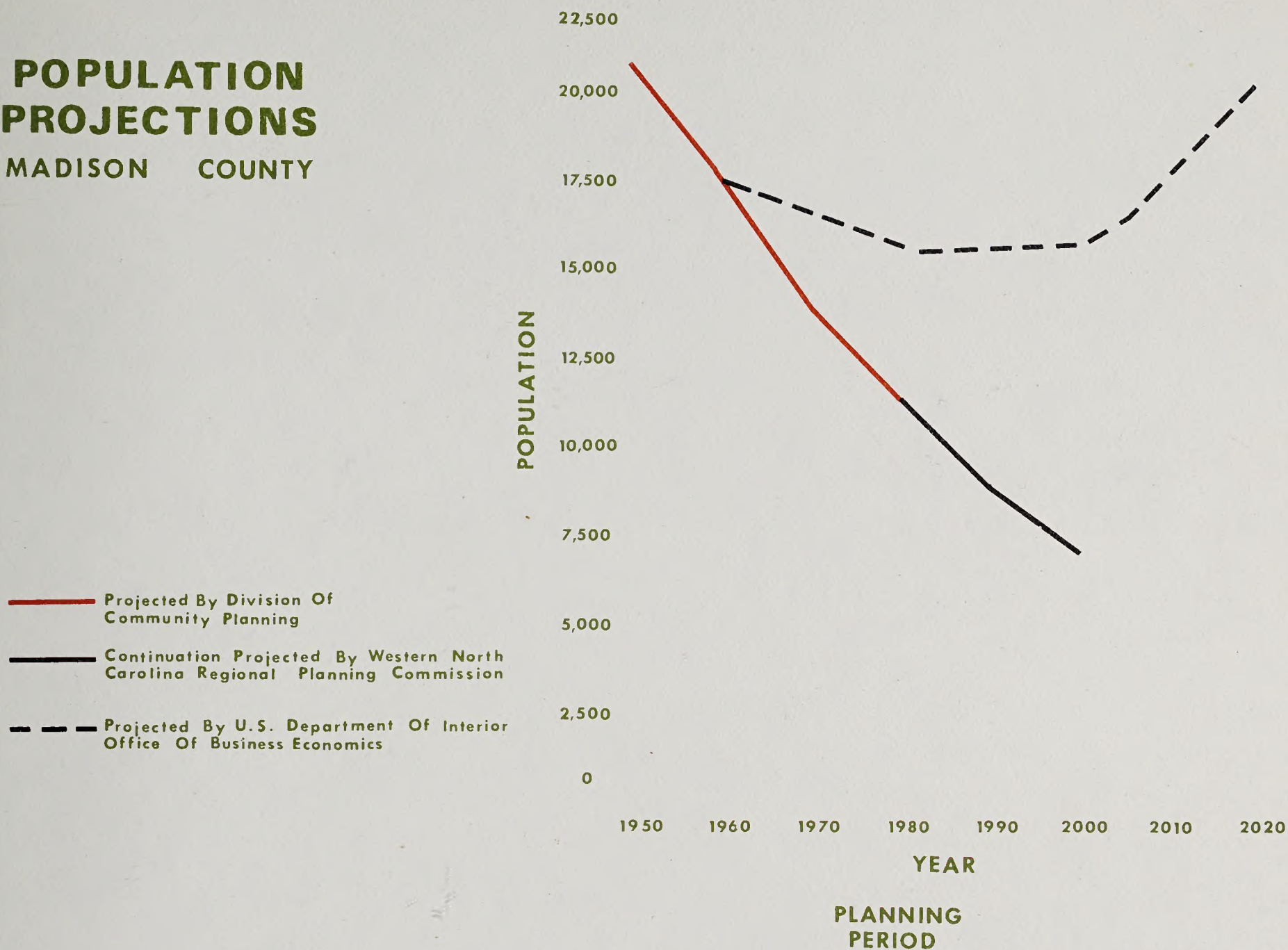
	1970	1980	1990	2000	2015
DCP ¹	13,973	11,127			
OBE ²	15,181	14,000	14,500	15,000	17,000

¹ N. C. Department of Local Affairs, Division of Community Planning, Research Section.

² U. S. Department of Interior, Office of Business Economics.

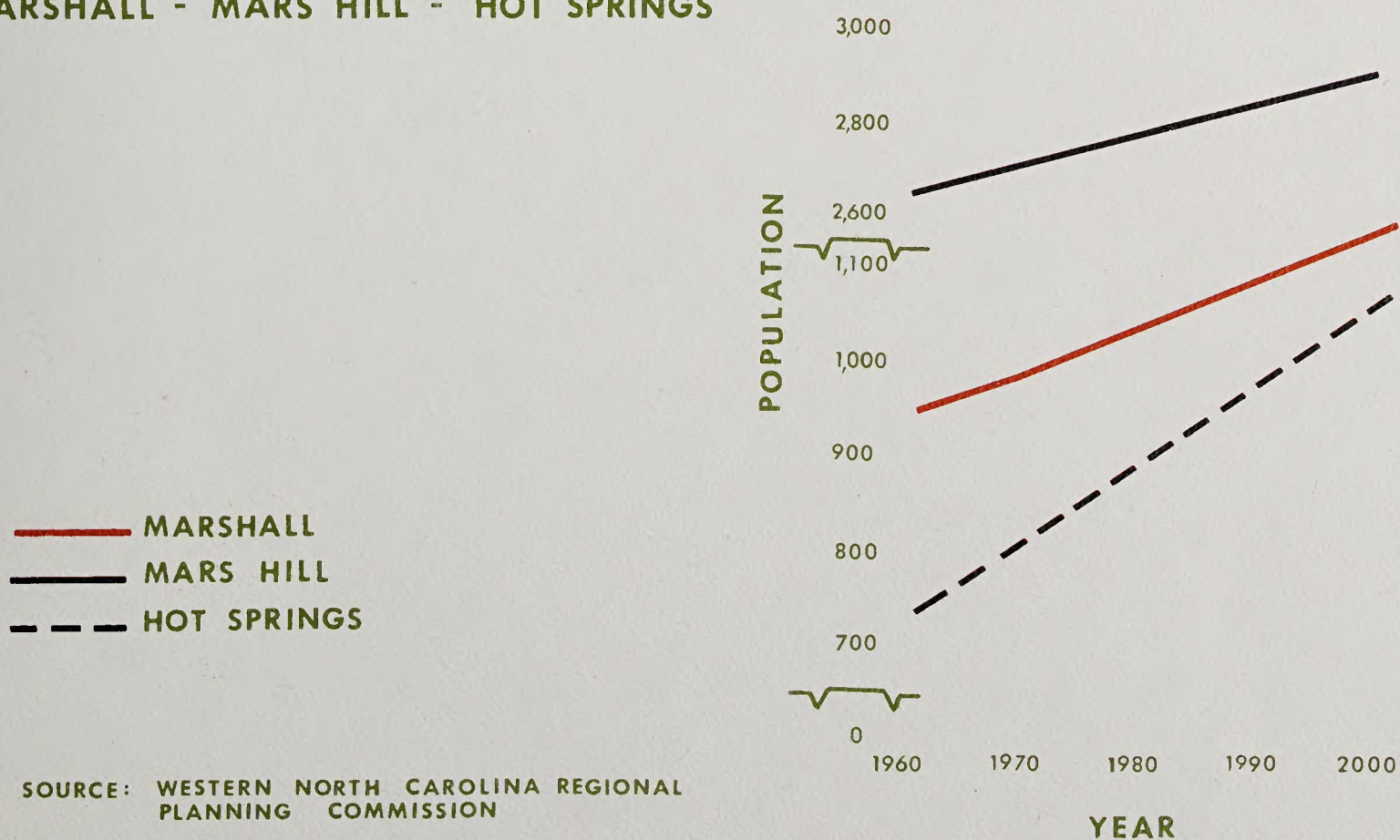
POPULATION PROJECTIONS

MADISON COUNTY



POPULATION PROJECTION

MARSHALL - MARS HILL - HOT SPRINGS



SOURCE: WESTERN NORTH CAROLINA REGIONAL PLANNING COMMISSION

